

ModernGraham Valuation

Akamai Technologies,
Inc.



Company Name:

Company Ticker AKAM

Date of Analysis

1/8/2017

Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$12,136,335,647	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	3.21	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	160.09%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	39.38	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.87	Fail

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	3.21	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.66	Pass
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Fail
5. Earnings Growth	EPSmg greater than 5 years ago		Pass
	Score		

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.77
MG Growth Estimate	11.70%
MG Value	\$56.54
MG Value based on 3% Growth	\$25.69
MG Value based on 0% Growth	\$15.06
Market Implied Growth Rate	15.44%

MG Opinion

Current Price	\$69.79
% of Intrinsic Value	123.43%
Opinion	Overvalued
MG Grade	C-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$1.15
Graham Number	\$28.08
PEmg	39.38
Current Ratio	3.21
PB Ratio	3.87
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.92	Next Fiscal Year Estimate	\$1.77
Dec2015	\$1.78	Dec2015	\$1.63
Dec2014	\$1.84	Dec2014	\$1.47
Dec2013	\$1.61	Dec2013	\$1.22
Dec2012	\$1.12	Dec2012	\$1.00
Dec2011	\$1.07	Dec2011	\$0.90
Dec2010	\$0.90	Dec2010	\$0.76
Dec2009	\$0.78	Dec2009	\$0.77
Dec2008	\$0.79	Dec2008	\$0.78
Dec2007	\$0.56	Dec2007	\$0.72
Dec2006	\$0.34	Dec2006	\$0.57
Dec2005	\$2.11	Dec2005	-\$1.09
Dec2004	\$0.25	Dec2004	-\$4.16
Dec2003	-\$0.25	Dec2003	-\$6.76
Dec2002	-\$1.81	Dec2002	-\$9.18
Dec2001	-\$23.59	Dec2001	-\$10.95
Dec2000	-\$10.07	Dec2000	-\$3.90
Dec1999	-\$1.98	Balance Sheet Information 9/1/2016	
Dec1998	-\$0.05	Total Current Assets	\$1,386,964,000
Dec1997	\$0.00	Total Current Liabilities	\$431,536,000
Dec1996	\$0.00	Long-Term Debt	\$634,504,000
		Total Assets	\$4,353,635,000
		Intangible Assets	\$1,290,086,000
		Total Liabilities	\$1,184,704,000
		Shares Outstanding (Diluted Average)	175,617,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

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